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No. 98 – 531

IN THE
SUPREME COURT OF THE UNITED STATES

October Term, 1998

FLORIDA PREPAID POSTSECONDARY EDUCATION EXPENSE BOARD,

Petitioner,

v.

COLLEGE SAVINGS BANK AND UNITED STATES OF AMERICA,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF *AMICUS CURIAE* OF THE REGENTS OF THE UNIVERSITY OF CALIFORNIA IN SUPPORT OF THE PETITIONER

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QUESTION PRESENTED

Did Congress have power under Section 5 of the Fourteenth Amendment to abrogate the Eleventh Amendment immunity of the States and make them amenable to suit in federal court for patent infringement by enacting Section 2 of the Patent and Plant Variety Protection Remedy Clarification Act, 35 U.S.C. §§ 271(h), 296(a)?

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FLORIDA PREPAID POSTSECONDARY EDUCATION EXPENSE BOARD,

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Respondents.

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For the Federal Circuit

BRIEF *AMICUS CURIAE* OF THE REGENTS OF THE UNIVERSITY OF CALIFORNIA IN SUPPORT OF PETITIONER

The Regents of the University of California ("the University") respectfully submits this brief *amicus curiae* in support of petitioner in this case. Petitioner and both respondents have consented to the filing of this brief.

Correspondence reflecting the parties' consent has been lodged with the Clerk.[1]

INTEREST OF *AMICUS CURIAE*

The University's interest is described in its motion to file a brief *amicus curiae* in support of the petition for a writ of certiorari, which this Court granted by Order dated January 8, 1999. In this brief *amicus curiae* on the merits, the University addresses the nature of the property right inherent in a patent and the scope of that right insofar as it is implicated by the Due Process Clause of the Fourteenth Amendment. The University also considers the limits on congressional enforcement power under Section 5 of the Fourteenth Amendment as it would be applied to affect state immunity guaranteed by the Eleventh Amendment. As both a patent holder and a state entity, the University brings a unique perspective to these issues that it believes will aid the Court in its resolution of this case.[2]

SUMMARY OF ARGUMENT

The Patent Remedy Act is unconstitutional because there is no real or threatened state deprivation of property without due process of law to which Congress's Section 5 authority is directed. First and foremost, the rights of patent

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[1] Pursuant to Rule 37.6, the University states that no counsel for any petitioner or respondent authored this brief in whole or in part. Nor did any person or entity, other than the University, make a monetary contribution to the preparation or submission of this brief.

[2] The University has pending its own petition for certiorari, *The Regents of the University of California v. Genentech,*, No. 98-731, in a case involving whether a state entity that *owns* a patent is subject to declaratory judgment actions in federal court by alleged infringers, either by waiver or by abrogation.

holders do not include the ability to file suit against unconsenting States in federal court. Patents are created by Congress under Article I and the property right they confer consists solely of the power to invoke legal process to realize a limited monopoly on an invention. However, this property right cannot include the authority to invoke legal process against a State in federal court because Congress is not empowered to confer that authority under Article I. The abrogation of state Eleventh Amendment immunity therefore cannot be justified under the Fourteenth Amendment, for the abrogation protects a so-called property right that Congress is not empowered to create.

Further, there has been no showing that patent holders lack due process against state entities. There is no evidence in the legislative record that States have failed to provide remedies for infringement in their own courts or legislatures. In this case, the State of Florida provides ample remedies for patent holders purportedly injured by state acts of infringement, including several causes of action and a procedure for obtaining compensation from the state legislature. This Court has ruled that due process is not offended by state actions that can be addressed through state post-deprivation remedies. The Patent Remedy Act, however, abrogates state immunity regardless of the process available in state courts, and cannot be justified under the Fourteenth Amendment.

In addition, any deprivation of adequate process results from federal, not state action. That infringement suits cannot be brought against a State in state court stems solely from the decision of Congress to confer exclusive jurisdiction over such suits on the federal courts. Accordingly, if States fail to provide adequate remedies for state acts of patent infringement, the cause is federal, not state action. And Section 5 cannot justify intrusion on state rights to remedy injuries caused by federal action.

As this Court emphasized in the *City of Boerne* case, Congress cannot "enforce" a constitutional right pursuant to its Section 5 authority by changing the nature of the right it is enforcing. Because Congress lacks power under Article I to create a property right to invoke legal process against an unconsenting State in patent actions, it cannot authorize such legal action under Section 5—because that would *change* the property right in question.

Even if there were a threat to a protected patent property right, abrogation is not constitutionally permissible because it is disproportionate to and not congruent with the alleged injury caused by state interference with patent rights. There was no basis for Congress to believe that States were posing a significant threat to the full enjoyment of the monopoly status conferred by patents and, in any event, far less intrusive remedies were and are available that would provide ample protection against the possibility of such interference.

ARGUMENT

I. THERE IS NO REAL OR THREATENED STATE DEPRIVATION OF PROPERTY WITHOUT DUE PROCESS OF LAW TO WHICH CONGRESS'S SECTION 5 AUTHORITY COULD BE DIRECTED.

A. The Rights of Patent Holders Do Not Extend to Suits Against Unconsenting States or State Entities.

The Federal Circuit Court of Appeals upheld the Patent Remedy Act first by finding that "the patent owned by [the petitioner] is property" protected by the Fourteenth Amendment, and then by concluding that "[p]rotecting a

privately-held patent from infringement by a state is . . . a legitimate . . . objective" for Congress to advance by abrogating state immunity from patent infringement suits in federal court. *College Savs. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.* 148 F.3d 1343, 1349 (Fed. Cir. 1998). In so holding, the Circuit Court failed to appreciate the limited nature of the property right conferred by a patent—the right to invoke legal process to exclude others from utilizing the invention covered by the patent—or to acknowledge the significance of the constitutional limits on the power of Congress to provide such process for use against state entities.

Patents are created by Congress under its Article I power to "promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. Art. I § 8[8]. Since this Nation's inception, Congress has exercised this Article I power to enact comprehensive patent laws now comprising Title 35 of the United States Code. As this Court has frequently observed in a variety of contexts, the property rights conferred by a patent are created solely by statute, and are separate and distinct from a patent holder's common law property rights in an invention.[3]

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[3] Over a century ago, this Court held that the "property right" that a patent confers on an inventor is limited to those rights that Congress has created by statute, explaining that

> the right of property which a patentee has in his invention, and his right to its exclusive use, is derived altogether from these statutory provisions; and this court (has) always held that an inventor has no right of property in his invention, upon which he can maintain a suit, unless he obtains a patent for it, according to the acts of Congress; and that *his rights are to be regulated and measured by these laws, and cannot go beyond them.*

The "property right" that Congress has created under Article I is the right of a patent holder to invoke legal process in order to realize a limited monopoly for a limited time on a patented invention. The owner of a patent is given "the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States." 35 U.S.C. § 154(a)(1). Thus, the "only effect of [the inventor's] patent is to restrain others from manufacturing, using, or selling that which he has invented." *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 510 (1917). *See also Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 879 n.4 (Fed. Cir. 1991).[4]

The right to exclude is not enforceable by self-help. Thus, a patent holder is not, by virtue of his patent, entitled to confiscate goods belonging to others merely because their manufacture may have infringed the holder's patent. Rather, the patent holder's right to exclude is realized by giving patent holders a private right of action for patent infringement. *See* 35 U.S.C. § 271. At its essence, an inventor's "property right" in a patent is the right to bring suit, and that is all it is.

Because the "[patent] monopoly did not exist at common law," the only property rights conferred by a patent are those "authorized by statute, and in the manner the statute prescribes." *Crown Die & Tool Co.*, 261 U.S. at 40

Brown v. Duchesne, 60 U.S. 183, 195 (1857) (emphasis added).

[4] A patent does *not* confer the rights to make, use, or sell a covered invention. Any such rights have their origin in common law and are independent of patent ownership. *Crown Die & Tool Co. v. Nye Packing Co., Inc.*, 261 U.S. 24, 36 (1923). As the Federal Circuit has explained: "Inventors possess the natural right to exploit their inventions . . . apart from any Government grant." *King Instruments Corp. v. Perego*, 65 F.3d 941, 949 (Fed. Cir. 1995), *cert. denied*, 517 U.S. 1188 (1996).

(quotation omitted); *see also Deepsouth Packing Co., Inc.. v. Laitram Corp.*, 406 U.S. 518, 525-26 (1972). For example, a patent holder does not have a right to exclude beyond the time period set by Congress. In general, the statute provides that a patent holder's monopoly expires twenty years from the date an application is filed. *See* 35 U.S.C. § 154(a)(2). Likewise, patents have force only within the United States, its territories and possessions, and do not generally protect against acts taking place in foreign countries. *See* 35 U.S.C. §§ 100(c), 154(a)(1), 271(a). As this Court observed in *Deepsouth Packing Co.*, 406 U.S. at 527, "[t]he statute makes it clear that it is not an infringement to make or use a patented product outside of the United States." *See also Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026, 1033 (Fed. Cir.) (same), *cert. denied*, 516 U.S. 907 (1995).[5]

The Federal Circuit's *ipso facto* conclusion that Congress can exercise its Section 5 enforcement power to abrogate state Eleventh Amendment immunity simply because a patent is "property" ignores both the nature of that interest and its Article I origin. The "property right"—which is solely the right to invoke legal process to enforce the patent monopoly—cannot include the authority to invoke that process against a State in federal court. As established by this Court's decision in *Seminole Tribe of Florida v. Florida*, 517 U.S. 32 (1996), Congress, the sole source of the

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[5] Patents are so limited because they are "an exception to the general rule against monopolies and to the right to access to a free and open market." *Precision Instrument Mfg. Co. v. Automotive Maint. Mach. Co.*, 324 U.S. 806, 816 (1945). A patent is a monopoly "which, although sanctioned by law, has the economic consequences attending other monopolies." *Blonder-Tongue Labs., Inc. v. University of Ill. Found.*, 402 U.S. 313, 343 (1971). Hence, Congress "requires, for the protection of the public, that the inventor set out a definite limitation of his patent; that condition must be satisfied before the monopoly is granted." *General Elec. Co. v. Wabash Appliance Corp.*, 304 U.S. 364, 372 (1938). *Cf. Pope Mfg. Co. v. Gormully*, 144 U.S. 224, 234 (1892) ("competition should not be repressed by worthless patents").

patent "property right," is not empowered to confer that authority under Article I. And, if Congress cannot use its Article I patent authority to abrogate state sovereign immunity directly, it surely cannot use its Article I authority to create a property right to exclude all others through judicial action, which can then be enforced against States through the exercise of authority under Section 5 of the Fourteenth Amendment. Otherwise, Congress could circumvent *Seminole Tribe* simply by legislating new "property" interests and then attempting to subject States to suit in federal court for the violation of such interests.

The history of federal court jurisdiction over patent disputes demonstrates that the patent property right does not include the right to bring suit against an unconsenting State. In 1793, Congress first vested jurisdiction over patent cases in both the federal courts and "any other court having competent jurisdiction." *See* Patent Act of February 17, 1793 § 5, 1 Stat. 322. Private parties therefore could file patent infringement suits in federal or state court. Shortly thereafter, in 1798, the Eleventh Amendment was ratified, providing unconsenting States with immunity from damage suits filed by private parties in federal court and confirming the sovereign immunity of States in the federal system. *See Seminole Tribe*, 517 U.S. at 44. Two years later, Congress stripped patent holders of the ability to file infringement suits in state court by vesting exclusive jurisdiction over patent suits in the federal courts. *See* Act of April 17, 1800, 2 Stat. 37. *See also Campbell v. City of Haverhill*, 155 U.S. 610, 620 (1895) (discussing the 1793 and 1800 Acts). In other words, immediately *after* the Eleventh Amendment confirmed that States were immune from suit in federal court, Congress specifically eliminated concurrent state court jurisdiction over patent suits and required that they be filed in federal court. This history strongly supports the conclusion that Congress never intended that a patent holder's right to exclude through the invocation of judicial

process to extend to unconsented suits against States or state entities.

Consistent with this understanding, neither the legislative record nor the lower court opinion cites a *single* instance pre-dating the Patent Remedy Act in which a federal court decided the merits of a patent infringement suit brought by a private party against an unconsenting State or state entity. *Cf. Seminole Tribe*, 517 U.S. at 73 n.16 ("Although the copyright and bankruptcy laws have existed practically since our nation's inception . . . there is no established tradition in the lower federal courts of allowing enforcement of those federal statutes against the States.").

In short, the property right conferred by a patent has never included authority to enforce exclusivity against States, at least absent their consent to be sued.[6] That being so, the abrogation of state Eleventh Amendment immunity cannot be justified as an exercise of Fourteenth Amendment power to prevent interference with property rights, for abrogation protects a so-called right that Congress never intended (prior to enactment of the abrogation provision in 1992) nor was empowered to create.[7]

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[6] The court below also erred by assuming that patent infringement by a State necessarily amounts to a constitutional "deprivation" of property. This Court has held that property is deprived within the meaning of the Fourteenth Amendment only when a state actor has acted intentionally and the action represents an arbitrary exercise of governmental power. *Daniels v. Williams*, 474 U.S. 327 (1986); *Davidson v. Cannon*, 474 U.S. 344, 347-48 (1986).

[7] The situation is analogous to a case of real property purchased by a buyer but as to which the seller has reserved an easement to park a truck on the property. The buyer cannot prevent the seller from entering the property and parking his truck on it, even though the buyer is the owner of the property, because the rights conferred, though they extend generally to preventing trespass by anyone else, do not include the right to exclude the seller who retained his easement.

B. There Has Been No Showing That Patent Holders Lack Due Process Against State Entities.

Even if the property rights conferred by a patent did include the right to bring suit against state entities, there would be no constitutional deprivation of property "unless and until the State fails to provide due process." *Zinermon v. Burch*, 494 U.S. 113, 126 (1990). The provision in the Patent Remedy Act subjecting States to suit in federal court cannot be justified as an enforcement of the Due Process Clause because there is no evidence in the legislative record that States would not provide remedies for infringement in their own courts or legislatures.

In this case, for example, which involves alleged patent infringement by the State of Florida, there are alternative state remedies for patent holders who claim to be injured by state acts of infringement. The state constitution prohibits the taking of private property without due process or just compensation (Art. I, § 9 and Art. X, § 6(a), Fla. Const.), and the Florida Supreme Court has ruled that a patent holder can remedy infringement by the State through a takings action filed in state court. *Jacobs Wind Elec. Co., Inc. v. Department of Transp.*, 626 So.2d 1333, 1337 (Fla. 1993). The same case likewise ratified a patent holder's claim against the State for the tort of conversion. *Id.* The Florida Supreme Court also has long held that a patent holder can pursue tort claims for unjust enrichment in state court against a state infringer. *See The Bert Lane Co. v. International Indus., Inc.*, 84 So.2d 5, 7-8 (Fla. 1955). Finally, Florida law provides the remedy of a "claims bill," through which a patent holder who charges deprivation of property by the State can seek full monetary relief directly from the state legislature. *See* Fla. Stat. § 11.065. At the very least, abrogation is unwarranted where, as here, the plaintiff has not pursued state court remedies and there is no showing that

Florida has acted to preclude post-deprivation remedies for injuries caused by its alleged acts of patent infringement.

The court below suggested that the process provided by Florida "may be illusory" because this Court has not yet ruled that takings claims based on patent infringement are cognizable in state court in light of 28 U.S.C. § 1338(a). *See* 148 F.3d at 1350 n.2. The court did not extend this conclusion to the other state remedies provided by Florida. Moreover, this Court and the Federal Circuit have emphasized that state courts *do* have power to decide cases affecting patents, so long as the cause of action does not itself "arise under" the patent law. Thus, a complaint alleging antitrust violations and business torts with respect to a patented product was properly filed in state court in *Christianson v. Colt Industries Operating Corp.*, 486 U.S. 800, 810 (1988), as was a complaint seeking a declaratory judgment that a patent licensing agreement was enforceable in *Intermedics Infusaid, Inc. v. Regents of the University of Minnesota*, 804 F.2d 129, 132-33 (Fed. Cir. 1986). This Court has further held that state courts are even permitted to consider substantive patent law issues if necessary to resolve claims that do not "arise under" the patent law, as in *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969) and *Luckett v. Delpark, Inc.*, 270 U.S. 496 (1926), where state courts had to consider the validity of patents to determine whether breaches of contract had occurred. *See also Jacobs Wind Elec. Co., Inc. v. Florida Dep't of Transp.*, 919 F.2d 726, 728 (Fed. Cir. 1990) ("Further, although a state court is without power to invalidate an issued patent, there is no limitation on the ability of a state court to decide the question of validity when properly raised in a state court proceeding.").[8]

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[8] Even if state courts were preempted from hearing all state law causes of action "predicated" on patent law, *cf. Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318, 1338 (Fed. Cir. 1998), *petition for certiorari filed*, No. 98-969, the lack of remedy in state court is a result of Congress's decision to vest exclusive jurisdiction in the federal

This Court has been loathe to find that the Fourteenth Amendment is offended by the actions of state or local officials if those actions can be addressed through state post-deprivation remedies. *See Hudson v. Palmer*, 468 U.S. 517, 533 (1984) (no violation of due process through state officer's intentional destruction of property if State makes post-deprivation remedy available); *Parratt v. Taylor*, 451 U.S. 527, 543-44 (1981) (same for state officer's negligent act). *Cf. Williamson County Reg'l Planning Comm'n v. Hamilton Bank of Johnson City*, 473 U.S. 172, 186 (1985) (Takings clause challenge in federal court premature if claimant has not first sought compensation through state court procedures); *Rosewell v. LaSalle Nat'l Bank*, 450 U.S. 503, 514-15 (1981) (Tax Injunction Act deprives federal courts of jurisdiction over constitutional challenges to state tax if State has made its own procedures available).[9] The Patent Remedy Act's abrogation of Eleventh Amendment immunity applies to all States, purportedly on due process grounds, *regardless* of the process available in state courts. This clearly flies in the face of the due process principles enunciated by this Court. Accordingly, the Court of Appeals decision should be reversed and the Patent Remedy Act abrogation clause invalidated.

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courts, and there is no state action that can form the basis of a due process violation. *See infra* pp. 11-12.

[9] This Court's reluctance to acknowledge Fourteenth Amendment causes of action is consistent with its recent ruling, in *Idaho v. Coeur d'Alene Tribe of Idaho*, 521 U.S. 261 (1997), that the *Ex parte Young* (209 U.S. 123 (1908)) exception to the Eleventh Amendment does not apply where state post-deprivation remedies are available. *Id.* at 273-74. There the Court also took heed of the States' "real and vital interests in preferring their own forum in suits brought against them. . . ." *Id.* at 274.

C. Any Failure of Adequate Process Results From Federal, Not State Action.

The Court of Appeals held that the abrogation of immunity was an appropriate exercise of Congress's authority to enforce the Due Process Clause, regardless of the alternate remedies available under Florida law, because the ability to sue a State under Title 35 for infringement gives patent holders "access to the remedies of attorney fees and treble damages." 148 F.3d at 1354, *citing* 35 U.S.C. §§ 284-85. This reasoning is faulty in two respects.

First, attorney fees and the possibility of treble damages are not constitutionally required components of "due process." *Cf. Walters v. National Ass'n of Radiation Survivors*, 473 U.S. 305, 326 (1985) (upholding against due process challenge a $10 cap on attorney's fees in federal veterans' appeal cases); *see also* 28 U.S.C. § 1498(a) (federal government not liable for treble damages in patent actions, and only liable for attorney's fees in limited circumstances).

Second, and more important, the fact that infringement actions cannot be brought against a State in state court stems solely from the historic decision of Congress to confer exclusive jurisdiction over patent suits on the federal courts. *See* 28 U.S.C. § 1338(a). Accordingly, if States are unable to provide remedies for state acts of patent infringement that satisfy the Due Process clause of the Fourteenth Amendment, the cause is *federal*, not state action. And Section 5 cannot justify intrusion on state rights to remedy injuries caused by federal action.

Congress could address any purported absence of adequate state remedies by revoking the exclusive grant of federal jurisdiction over patent infringement suits. By permitting infringement suits to proceed in state courts, Congress would ensure that States are able to provide adequate remedies for aggrieved patent holders. For

example, States have routinely waived their sovereign immunity with respect to torts committed by state employees or agents. *See Brief of Amici Curiae Ohio et al.*, App. B. A similar approach would provide adequate remedies for patent holders while simultaneously preserving the States' separate Eleventh Amendment immunity.

II. ABROGATION OF STATE ELEVENTH AMENDMENT IMMUNITY IN PATENT CASES IS BEYOND THE REMEDIAL POWER OF CONGRESS UNDER SECTION 5 OF THE FOURTEENTH AMENDMENT.

The Court of Appeals sought to justify the Patent Remedy Act abrogation clause by relying on the broad power of Congress under Section 5 of the Fourteenth Amendment to the Constitution to enforce the prohibitions against States contained in Section 1 of that Amendment, including the prohibition against depriving citizens of their property without due process of law. Its discussion was based on the decision of this Court in *City of Boerne v. Flores*, 117 S. Ct. 2157 (1997). The court was in error for two reasons: (1) the Section 5 power is not so broad as to authorize an expansion of the constitutional limitations contained in Section 1 of the Amendment, and (2) even if the patent right encompasses the right to enforce exclusivity against unconsenting States, the abrogation clause is so disproportionate to the alleged deprivation as to fail the test of proportionality and congruence set forth in the *City of Boerne* decision.

A. Section 5 Does Not Authorize Congress to Expand The Scope of Property Rights Protected By the Fourteenth Amendment.

As shown in Part I above, the property right of a patent holder has never encompassed the right to pursue legal action against an unconsenting State, for it is beyond the authority of Congress under the Patent Clause of Article I to confer that power. That being so, the power to enforce the Fourteenth Amendment by appropriate legislation does not extend to authorizing suits by patent holders against unconsenting States, for that would constitute changing the property right protected by the Fourteenth Amendment. The *City of Boerne* decision emphasizes that "Congress does not enforce a constitutional right by changing what the right is," 117 S. Ct. at 2164, for the right to enforce is not a power to "decree the substance of the Fourteenth Amendment's restrictions on the States." *Id.*

The University acknowledges that "[l]egislation which deters or remedies constitutional violations can fall within the sweep of Congress' enforcement power even if in the process it prohibits conduct which is not itself unconstitutional and intrudes into 'legislative spheres of autonomy previously reserved to the States.'" *Id.* at 2163 (citation omitted). But that does not describe the abrogation clause at issue in this case. Here, Congress has not acted to prevent unconstitutional conduct and "in the process" also subjected States to suit for conduct that does not rise to the level of a constitutional violation. The abrogation provision is not an incident of a broader remedial scheme to protect constitutional rights. Rather, the sole purpose of the legislation is to strip States entirely of their Eleventh Amendment immunity in the name of protecting alleged patent rights that, as shown above, Congress never conferred and could not have conferred. Broad though the enforcement power may be under Section 5, it does not extend this far.

B. Even If There Were a Threat to a Protected Patent Property Right, Abrogation Is Not a Constitutionally Permissible Enforcement Remedy.

Even if it could be said that the right to exclude that is the essence of the patent right extends to States and state entities, abrogation of state Eleventh Amendment immunity would still not be a justifiable means of enforcing that right. To meet the constitutional standard for the exercise of enforcement power under the Fourteenth Amendment, there must be "a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end." *City of Boerne*, 117 S. Ct. at 2164. Given the importance of the Eleventh Amendment immunity in our constitutional structure, abrogation is a disproportionate remedy not congruent with the alleged constitutional injury (state interference with patent-protected exclusivity without providing adequate remedy), particularly since far less intrusive remedies were and are available that would provide ample protection against the possibility of such injury.

To begin with, there was no basis for Congress to believe that States and state entities were posing a significant threat to the full enjoyment of the monopoly status conferred by patents. To the contrary, as was acknowledged by the sponsor of the Patent Remedy Act :

> [w]e do not have any evidence of massive or widespread violations of patent laws by the States either with or without this State immunity. Accordingly, could one argue that this legislation may be premature? We really do not know whether it will have any effect or not.

Patent Remedy Clarification Act, Hearings on H.R. 3886, Before the Subcomm. On Courts, Intellectual Property, and the Admin. Of Justice, House of Representatives Comm. On the Judiciary, 101st Cong. 22 (Feb. 6, 1990) (Rep. Kastenmeier). The Acting Commissioner of Patents and Trademarks responded to this observation by acknowledging that "[t]here have not been many cases that have raised this issue." He then speculated about "the possibility" that "more States will get involved in infringing patents." *Id.* (Jeffrey M. Samuels). Other witnesses and groups that supported the legislation also offered only supposition about possible future state activity in the absence of actual evidence that state infringement of patents was a serious problem. *See id.* at 70-71 (Statement of Intellectual Property Owners).[10]

As the foregoing demonstrates, Congress was concerned with acts of state infringement, *not* whether States had failed to provide adequate remedies to patent holders who were

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[10] The legislative record reveals only *two* reported cases of patent suits against States that had been preempted by Eleventh Amendment immunity (*see id.* at 49, citing *Chew v. California*, 893 F.2d 331 (Fed. Cir. 1990); *see also* S. Rep. 102-280, Patent and Plant Variety Protection Remedy Clarification Act, Senate Comm. On the Judiciary, 102nd Cong. 6 (May 12, 1992), citing *Jacobs Wind*, 919 F.2d 726), and the Federal Circuit was able to cite only two more such cases, both decided over a half-century earlier, in which patent infringement suits against state entities were dismissed on Eleventh Amendment grounds. *See* 148 F.3d at 1354, citing *William C. Popper & Co. v. Pennsylvania Liquor Control Bd.*, 16 F. Supp. 762 (E.D. Pa. 1936); *Automobile Abstract & Title Co. v. Haggerty*, 46 F.2d 86 (E.D. Mich. 1931). The failure to sue States might possibly be explained by awareness of the availability of the immunity defense. Nevertheless, in the absence of any other evidence of a serious problem, the paucity of cases initiated against state entities supports the conclusion that there was no evidentiary basis for Congress to adopt a remedy that wholly eradicated the immunity protected by a constitutional provision in the name of enforcing rights protected by another such provision.

allegedly injured thereby, which is what the Fourteenth Amendment Due Process Clause addresses. Thus, like the case of the Religious Freedom Restoration Act invalidated in *City of Boerne*, the Patent Remedy Act is "so out of proportion to a supposed remedial or preventive objective that it cannot be understood as responsive to, or designed to prevent, unconstitutional behavior." 117 S. Ct. at 2170.

The court below acknowledged the absence of any indications in the legislative record of the Patent Remedy Act of a significant level of patent infringement by States (though it referred to the speculation that this could increase as state universities become more active in the commerce of intellectual property), and it admitted that the harm perceived by Congress in this case was neither of the caliber nor the magnitude of the harm sought to be remedied in the Voting Rights Laws, the paradigm example of legislation intended to enforce constitutionally protected individual rights. Nonetheless, it held that the Patent Remedy Act passed muster under the balancing test enunciated in the *City of Boerne* case, by repeatedly analogizing the abrogation of state immunity to the imposition of liability on private parties. The court held that it was proper for Congress to subject a State found to have infringed a patent to "the same consequences as a private party infringer," including treble damages, attorney's fees, and injunctive relief, because "[t]here is no sound reason . . . that Congress cannot subject a state to the same civil consequences that face a private party infringer." 148 F.3d at 1355. The court also noted that the patent laws "subject states to no greater burdens than those that must be shouldered by private parties." *Id.*

This was exactly the wrong approach. The analogy of States to private parties is at its most inapt when considering the question of amenability to suit in federal court. For a State, being subjected to an unconsented suit in federal court is an intrusion on its sovereignty. The role of the Eleventh Amendment is "to avoid 'the indignity of subjecting a State

to the coercive process of judicial tribunals at the instance of private parties.' " *Seminole Tribe*, 517 U.S. at 58 (quoting *Hess v. Port Auth. Trans-Hudson Corp.*, 513 U.S. 30, 48 (1994), and *Puerto Rico Aqueduct and Sewer Auth. v. Metcalf & Eddy, Inc.*, 506 U.S. 139, 146 (1993)). That constitutionally-preserved purpose explains why "the need to promote the supremacy of federal law must be accommodated to the constitutional immunity of the States." *Coeur d'Alene Tribe*, 521 U.S. at 275 (quoting *Pennhurst State Sch. & Hosp. v. Halderman*, 465 U.S. 89, 105 (1984)).

These principles inform the application of the test of "congruence and proportionality" enunciated by this Court in the *City of Boerne* case. Even assuming a legitimate claim of due process violation, the proportionality test at a minimum should consider whether less intrusive means to deal with the identified problem could have been employed. In this case, such alternatives were readily available. For one, Congress could have modified the exclusivity provision so as to permit patent infringement suits against state entities to be maintained in state courts. While this would have meant a slight exception to the policy of having all federal patent law decisions subject to review in the Federal Circuit Court of Appeals, that court's precedents would still be the dominant ones in the field, and would guide state court decisions, which in any case would always be subject to review in the Supreme Court.

Or Congress could have followed the model established when it waived the federal government's sovereign immunity to permit suits for patent violations. *See* 28 U.S.C. §1498(a). In those cases, a patent infringement suit against the United States is treated as an eminent domain action, not a suit in tort as it is for private infringers, and the patent holder may recover only "reasonable and entire compensation." As the Federal Circuit has explained:

> Congress has . . . not provided a forum for patent infringement suits against the United

> States in Title 35. Rather it has provided for a suit for compensation in the United States Claims Court. Such suit is based on principles related to the taking of property, namely a patent license, and subjects the United States to payment of appropriate compensation therefor, not to the liability or relief (such as treble damages) provided in the patent statute.

Chew v. State of California, 893 F.2d 331, 336 (Fed. Cir.), *cert. denied*, 498 U.S. 810 (1990). *See also Leesona Corp. v. United States*, 599 F.2d 958, 966-67 (Cl. Ct.), *cert. denied*, 444 U.S. 991 (1979). A patent holder's exclusive remedy against the Federal government is for a reasonable royalty in the Court of Claims. *Tektronix, Inc. v. United States*, 552 F.2d 343, 351 (Cl. Ct. 1977). Section 1498 also restricts liability to acts of "direct infringement"; the United States bears no liability for any acts of contributory infringement or inducement of infringement. *See Deuterium Corp. v. United States*, 16 Cl. Ct. 454, 458 n.2 (1989). Nor is the Federal government liable for attorney's fees and costs except in certain specified circumstances and where the position of the United States in the patent litigation was not "substantially justified." 28 U.S.C. §1498(a).

The far more narrow approach to waiving sovereign immunity utilized by Congress in the case of the Federal government demonstrates that the Patent Remedy Act goes far beyond what is appropriate to deal with the perceived intrusion on constitutionally-protected property rights, even assuming evidence of such an intrusion. Because it does, it cannot pass muster under *City of Boerne*'s "congruence and proportionality" standard. It is therefore an invalid exercise of Fourteenth Amendment Section 5 power, and should be set aside by this Court.

CONCLUSION

For the reasons set forth above, this Court should reverse the decision of the United States Court of Appeals for the Federal Circuit and invalidate the Patent Remedy Act.

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